

Why Novo Nordisk should buy Amarin



[Madeleine Armstrong](#)



Pfizer is said to be interested in Amarin, but the Danish group's need for a growth injection is greater.

Fresh from success with its omega-3 project Vascepa, Amarin is being touted as an acquisition target. Amgen, Renegeron and Sanofi have all been linked with the company, and last week Pfizer joined the list of rumoured suitors after a bullish JP Morgan presentation by Amarin's chief executive, John Thero.

But a smaller player, Novo Nordisk, might want to take a look at Amarin, too. With a stalling core diabetes business the Danish company has made no secret of its wish to expand its presence in obesity and get into Nash and cardiovascular disease. The latter makes Amarin a good fit.

Crossover

Vascepa is already approved for severe hypertriglyceridaemia. But a surprise win in the Reduce-it trial could see it get a broader mixed dyslipidaemia label, which could take the addressable population to around 75 million and transform Amarin from a niche player to a mainstream contender.

This primary care setting is well within Novo's wheelhouse; indeed, the [link between diabetes and high lipid levels](#) means there could be cross-selling potential for the Danish group's existing sales force.

Novo has long relied on internal R&D, but signalled its desire to look outside the company for innovation after a restructuring in September. Still, it has so far stuck to small, early-stage deals, the most recent being with Staten, which like Amarin is targeting dyslipidaemia ([Novo sets up antisense challenge with Staten deal, 17 December 2018](#)).

This is not to say that Novo is not interested in bigger buys: it tried to acquire Ablynx last year, but ended up losing out to Sanofi, which was prepared to pay more.

Perhaps this gets to the nub of the matter. If Novo is interested in Amarin it runs the risk of getting outbid by the likes of Pfizer, particularly if the Danish company is determined to stick to its guns again on what it sees as fair value.

Another factor that might be holding Novo back is a lack of understanding of exactly how Vascepa works: the positive effect in Reduce-It was not fully explained by the product's lowering of triglyceride levels, though this drawback would clearly apply to all potential buyers ([AHA 2018 - Amarin goes hard on Vascepa but questions remain, 11 November 2018](#)).

However, if this has made other players cautious about making a bid for Amarin, for a science-driven company like Novo it could be a deal-breaker. The omega-3 field will get another chance for validation with readout from the Strength study of Astrazeneca's Epanova, due to complete later this year, so perhaps this could serve as a deal trigger for bidders biding their time.

Strengthening the case?

Still, the two products are not directly comparable: Vascepa is a pure form of eicosapentaenoic acid (EPA), while Epanova is a mixture of EHA and docosahexanoic acid (DHA). Amarin has long argued that DHA has a deleterious effect.

Potential Amarin suitors might therefore not be awaiting the Strength results, but they could be standing by to see how the broader Vascepa launch goes. If other recent solo attempts are anything to go by, any hint of disappointment could trigger an investor exodus and make Amarin suddenly more affordable.

But a successful launch could see Amarin's market cap, which currently sits just under \$6bn, rocket. For a group with deep pockets, like Pfizer, this is probably neither here nor there – if it wants Amarin it will pay what it needs to get the deal done.

This is a more important consideration for Novo. The company needs fresh blood, and Amarin fits the bill. It should make a move sooner rather than later, or risk missing out again.